

10/26/05

WHEATLAND TOWNSHIP, MECOSTA COUNTY

REMUS, MICHIGAN

JUNE 30, 2005

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

JUNE 30, 2005

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134 WEST HARRIS STREET
REMUS, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 12, 2005

INDEPENDENT AUDITORS' REPORT

To the Township Board
Wheatland Township
Mecosta County
Remus, Michigan

We have audited the financial statements of the governmental activities, the discretely presented component unit, the business-type activities, each major fund, and the aggregate remaining fund information of Wheatland Township, Mecosta County, Remus, Michigan, as of and for the year ended June 30, 2005, which collectively comprise Wheatland Township's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, business-type activities, each major fund, and the aggregate remaining fund information of Wheatland Township, Mecosta County, Remus, Michigan, at June 30, 2005, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as of July 1, 2004.

The management's discussion and analysis on pages iii through x and budgetary comparison information on pages 31 and 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wheatland Township, Mecosta County, Remus, Michigan's basic financial statements. The combining and individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2005

Wheatland Township, a general law township located in Mecosta County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Wheatland Township board's discussion and analysis of the financial results for the fiscal year ended June 30, 2005.

Financial Highlights

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$2,247,389. Of this amount, \$1,217,806 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,017,318 an increase of \$61,357 in comparison with the prior year. About 43.42% is available for spending at the Township's discretion.
- ◆ The Township's total debt decreased by \$11,000 during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2005 for Wheatland Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2005

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities)

Fund Financial Statements

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General Long-Term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – The Township maintains one proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund since it is considered to be a major fund of the Township.

Component Units The Township's financial statements include reporting on a separate legal entity for which the Township has some level of financial responsibility. This fund is shown in a separate column. The Township's component unit is the Downtown Development Authority.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2005

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$2,247,389 at June 30, 2005, meaning the Township's assets were greater than its liabilities by this amount. Because of GASB Statement Number 34, this is the first year that this information is presented; therefore, only one year of data is shown. A useful comparative analysis will be presented in future years when the information is available.

Wheatland Township			
Net Assets as of June 30, 2005			
	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 1,164,473	\$ 92,461	\$ 1,256,934
Capital Assets	1,186,835	86,483	1,273,318
Total Assets	\$ 2,351,308	\$ 178,944	\$ 2,530,252
Long-term liabilities	\$ 260,072	\$ 0	\$ 260,072
Other liabilities	22,520	271	22,791
Total Liabilities	\$ 282,592	\$ 271	\$ 282,863
Net Assets			
Invested in capital assets			
net of related debt	\$ 915,763	\$ 86,483	\$ 1,002,246
Restricted	27,337	0	27,337
Unrestricted	1,125,616	92,190	1,217,806
Total Net Assets	\$ 2,068,716	\$ 178,673	\$ 2,247,389

WHEATLAND TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2005

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others) less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$1,217,806 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township increased by \$49,159 or 2.24% in this fiscal year, which is an indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

Wheatland Township
Change in Net Assets
for the Fiscal Year Ended June 30, 2005

	Governmental Activities	Business-Type Activities	Total Primary Government
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$ 37,199	\$ 150,630	\$ 187,829
Capital Grants and Contributions	3,178	0	3,178
General Revenues			
Property Taxes	170,285	0	170,285
State Shared Revenue	128,504	0	128,504
Licenses and Permits	53	0	53
Unrestricted Investment Earnings	18,059	0	18,059
Rents	0	159,632	159,632
Other	52,069	0	52,069
Intergovernmental Revenue	950	0	950
Total Revenues	\$ 410,297	\$ 310,262	\$ 720,559
<u>Expenses</u>			
Legislative	\$ 2,050	\$ 0	\$ 2,050
General Government	130,572	0	130,572
Public Safety	58,185	0	58,185

WHEATLAND TOWNSHIP, MECOSTA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2005

Public Works	51,721	0	51,721
Recreation and Culture	69,407	0	69,407
Community and Economic Development	28,203	0	28,203
Other Functions	12,972	0	12,972
Interest on Long-Term Debt	13,371	0	13,371
Sewer	0	304,919	304,919
Total Expenses	\$ 366,481	\$ 304,919	\$ 671,400
Increase in Net Assets	43,816	5,343	49,159
Beginning Net Assets	2,024,900	173,330	2,198,230
Ending Net Assets	<u>\$ 2,068,716</u>	<u>\$ 178,673</u>	<u>\$ 2,247,389</u>

Governmental Activities

During the fiscal year ended June 30, 2005, the Township's net assets increased by \$43,816 or 2.16% in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Wheatland Township comes from property taxes. The Township levied a millage for fire protection, in addition to the operating millages, this fiscal year. The Township levied 1.2423 mills for operating purposes, and 1.9484 mills for fire protection.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. In 2005, the amount of state shared revenue received by the Township trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

Capital grants represent grant dollars, whether federal, state, or local, that the Township has secured in order to assist in capital asset construction and infrastructure improvement within the Township. The grant received during the current fiscal year assisted the Township in acquiring additional fire equipment to assist in more effective fire protection.

The Township's governmental activities expenses are dominated by general government expenses that total 35.63% of total expenses. The Township spent \$130,572 in fiscal year 2005 on general government expenses. Recreation and culture represented the next largest expense at \$69,407 followed by public safety at \$58,185. These represent 18.94% and 15.88% respectively. Depreciation expense totaled \$53,979.

Business-Type Activities

These activities accounted for an increase of \$5,343 in the Township's Net Assets.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2005

The Business-Type activities of the Township includes the Sewer Fund, which provides sewer utility services to Township residents as well as commercial customers.

Financial Analysis of the Government's Funds

Governmental Activities The focus of Wheatland Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Wheatland Township's governmental funds reported combined ending fund balances of \$1,017,318. Approximately 43.42% of this total amount (\$441,683) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that relate to fire protection.

General Fund – The General Fund increased its fund balance by \$47,812 which brings the fund balance to \$337,624. Of the General Fund's fund balance, \$335,387 is unreserved while \$2,237 is reserved for playground equipment. Various General Fund functions ended the year with expenditures above budgeted amounts. The differentials were funded by greater than anticipated revenues and available fund balance.

Fire and Rescue Fund – The Fire Fund increased its fund balance by \$41,851 which brings the fund balance to \$390,305. Of the Fire and Rescue Fund's fund balance, \$17,587 is unreserved while \$372,718 is designated for Fire Equipment.

The Township levied a fire millage on the 2004 tax roll. This resulted in \$60,245 in tax related revenues during the current fiscal year. The Fire Fund also received a \$3,178 grant from the Michigan Department of Natural Resources.

Library Fund – The Library Fund decreased its fund balance by \$11,668 which brings the fund balance to \$20,677. The fund balance is unreserved.

Housing Rehabilitation Fund – The Housing Rehabilitation Fund's fund balance increased \$21,398 which brings the total to \$173,343. The entire fund balance is reserved for housing rehabilitation programs.

Proprietary Fund The Township's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

Sewer Fund – The Sewer Fund ended this fiscal year with \$92,190 in unrestricted net assets. The net assets of the fund increased \$5,343.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2005

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of June 30, 2005 amounted to \$1,273,318 net of accumulated depreciation. The total net increase in the Township's investment in capital assets for the current fiscal year was 6.34%.

Capital assets summarized below include any items purchased with a cost greater than \$5,000 individually (for purchases after June 30, 2003) and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

Wheatland Township
Capital Assets as of June 30, 2005

	Governmental Activities	Business-Type Activities	Total Primary Government
Land and Land Improvements	\$ 170,642	\$ 0	\$ 170,642
Sewer Connection Lines	0	563,290	563,290
Buildings	1,224,430	0	1,224,430
Building Improvements	15,012	0	15,012
Books	95,708	0	95,708
Machinery and Equipment	143,223	71,628	214,851
Vehicles	216,401	0	216,401
Subtotal	1,865,416	634,918	2,500,334
Accumulated Depreciation	678,580	548,436	1,227,016
Net Capital Assets	\$ 1,186,836	\$ 86,482	\$ 1,273,318

Major capital asset events during the current fiscal year included the following:

- ◆ Library books and magazines at a cost of \$9,344.
- ◆ Jaws of Life to enhance the Township's fire protection at a cost of \$14,419.
- ◆ Turnout gear and safety equipment to enhance the Township's fire protection at a cost of \$19,630.

Long-Term Debt At the end of the current fiscal year, the Township had total installment debt outstanding of \$271,072. The entire balance of this debt is backed by the full faith and credit of the government. Additional information on the Township's long-term debt can be found in the notes to the financial statements.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2005

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. During the 2005-06 fiscal year the Downtown Development Authority is planning to purchase and install a wireless broadband internet access system at a cost of approximately \$20,000. The Fire and Rescue Fund is planning to purchase a new fire truck.

These factors were considered in preparing the Township's budgets for the 2005-06 fiscal year.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Wheatland Township at P.O. Box 229, 201 S. Sheridan Ave., Remus, Michigan 49340.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2005

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>		<u>Downtown</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Development</u>
<u>Assets</u>				<u>Authority</u>
Cash	\$ 1,019,372	\$ 44,247	\$ 1,063,619	\$ 37,767
Receivables				
Accounts	0	48,214	48,214	0
Taxes	369	0	369	0
Mortgages	138,877	0	138,877	0
Intergovernmental	5,855	0	5,855	0
Total Assets	\$ 1,164,473	\$ 92,461	\$ 1,256,934	\$ 37,767
<u>Capital Assets</u>	\$ 1,865,415	\$ 634,919	\$ 2,500,334	\$ 0
Less Accumulated Depreciation	(678,580)	(548,436)	(1,227,016)	0
Total Capital Assets	\$ 1,186,835	\$ 86,483	\$ 1,273,318	\$ 0
TOTAL ASSETS	\$ 2,351,308	\$ 178,944	\$ 2,530,252	\$ 37,767

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2005

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>		<u>Downtown</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Development Authority</u>
<u>Liabilities and Net Assets</u>				
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 5,887	\$ 271	\$ 6,158	\$ 0
Payroll Liabilities	2,391	0	2,391	0
Accrued Interest Payable	3,242	0	3,242	0
Current Portion of Non Current Liabilities	11,000	0	11,000	0
Total Current Liabilities	\$ 22,520	\$ 271	\$ 22,791	\$ 0
<u>Non Current Liabilities</u>				
Bonds Payable	\$ 271,072	\$ 0	\$ 271,072	\$ 0
Less Current Portion of Non Current Liabilities	(11,000)	0	(11,000)	0
Total Non Current Liabilities	\$ 260,072	\$ 0	\$ 260,072	\$ 0
Total Liabilities	\$ 282,592	\$ 271	\$ 282,863	\$ 0
<u>Net Assets</u>				
Invested in Capital Assets				
Net of Related Debt	\$ 915,763	\$ 86,483	\$ 1,002,246	\$ 0
Restricted for:				
Playground Equipment	2,237	0	2,237	0
Housing Programs	173,343	0	173,343	0
Debt Service	24,427	0	24,427	0
Perpetual Care	2,910	0	2,910	0
Unrestricted	950,036	92,190	1,042,226	37,767
Total Net Assets	\$ 2,068,716	\$ 178,673	\$ 2,247,389	\$ 37,767
TOTAL LIABILITIES AND NET ASSETS	\$ 2,351,308	\$ 178,944	\$ 2,530,252	\$ 37,767

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

					Net (Expense) Revenue and Changes in Net Assets			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<u>Primary Government</u>								
Governmental Activities								
Legislative	\$ 2,050	\$ 0	\$ 0	\$ 0	\$ (2,050)	\$ 0	\$ (2,050)	\$ 0
General Government	130,572	1,150	0	0	(129,422)	0	(129,422)	0
Public Safety	58,185	30,718	0	3,178	(24,289)	0	(24,289)	0
Public Works	51,721	4,000	0	0	(47,721)	0	(47,721)	0
Recreation and Culture	69,407	1,331	0	0	(68,076)	0	(68,076)	0
Community and Economic Development	28,203	0	0	0	(28,203)	0	(28,203)	0
Other Functions	12,972	0	0	0	(12,972)	0	(12,972)	0
Interest on Long Term Debt	13,371	0	0	0	(13,371)	0	(13,371)	0
Total Governmental Activities	\$ 366,481	\$ 37,199	\$ 0	\$ 3,178	\$ (326,104)	\$ 0	\$ (326,104)	\$ 0
Business-type Activities								
Sewer	304,919	309,991	0	0	0	5,072	5,072	0
Total Business-type Activities	\$ 304,919	\$ 309,991	\$ 0	\$ 0	\$ 0	\$ 5,072	\$ 5,072	\$ 0
Total Primary Government	\$ 671,400	\$ 347,190	\$ 0	\$ 3,178	\$ (326,104)	\$ 5,072	\$ (321,032)	\$ 0
<u>Component Unit</u>								
Downtown Development Authority	\$ 6,697	\$ 170	\$ 0	\$ 0				\$ (6,527)
<u>General Revenues</u>								
Property Taxes					\$ 170,285	\$ 0	\$ 170,285	\$ 28,900
State Shared Revenues					128,504	0	128,504	0
License and Permits					53	0	53	0
Unrestricted Investment Earnings					18,059	271	18,330	158
Other Revenues					52,069	0	52,069	0
Intergovernmental Revenue					950	0	950	0
Total General Revenues					\$ 369,920	\$ 271	\$ 370,191	\$ 29,058
Change in Net Assets					\$ 43,816	\$ 5,343	\$ 49,159	\$ 22,531
<u>NET ASSETS</u> - Beginning of Year					2,024,900	173,330	2,198,230	15,236
<u>NET ASSETS</u> - End of Year					\$ 2,068,716	\$ 178,673	\$ 2,247,389	\$ 37,767

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY

REMUS, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2005

	General Fund	Fire and Rescue Fund	Library Fund	Housing Rehabilitation Fund	Road Fund
<u>Assets</u>					
Cash	\$ 351,650	\$ 374,775	\$ 24,296	\$ 173,343	\$ 44,655
Receivables (Net, Where Applicable of Allowances for Uncollectables)					
Taxes	96	150	62	0	0
Mortgages	0	0	0	138,877	0
Intergovernmental	2,677	3,178	0	0	0
Due from Other Funds	0	12,400	0	0	0
TOTAL ASSETS	\$ 354,423	\$ 390,503	\$ 24,358	\$ 312,220	\$ 44,655
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 2,943	\$ 198	\$ 2,746	\$ 0	\$ 0
Payroll Withholdings Payable	1,456	0	935	0	0
Due to Other Funds	12,400	0	0	0	0
Deferred Revenue	0	0	0	138,877	0
Total Liabilities	\$ 16,799	\$ 198	\$ 3,681	\$ 138,877	\$ 0
<u>Fund Balance</u>					
Reserved for Playground Equipment	\$ 2,237	\$ 0	\$ 0	\$ 0	\$ 0
Reserved for Housing Programs	0	0	0	173,343	0
Reserved for Debt Service	0	0	0	0	0
Reserved for Perpetual Care	0	0	0	0	0
Reserved for Equipment	0	372,718	0	0	0
Unreserved, Undesignated	335,387	17,587	20,677	0	44,655
Total Fund Balances	\$ 337,624	\$ 390,305	\$ 20,677	\$ 173,343	\$ 44,655
TOTAL LIABILITIES AND FUND BALANCE	\$ 354,423	\$ 390,503	\$ 24,358	\$ 312,220	\$ 44,655

The notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 50,653	\$ 1,019,372
61	369
0	138,877
0	5,855
0	12,400
\$ 50,714	\$ 1,176,873
\$ 0	\$ 5,887
0	2,391
0	12,400
0	138,877
\$ 0	\$ 159,555
\$ 0	\$ 2,237
0	173,343
24,427	24,427
2,910	2,910
0	372,718
23,377	441,683
\$ 50,714	\$ 1,017,318
\$ 50,714	\$ 1,176,873

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

JUNE 30, 2005

Total Governmental Fund Balances	\$ 1,017,318
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Amounts reported for governmental activities in the
statement of net assets are different because:

Long-term receivables are not available to pay current period expenditures and
therefore are deferred in governmental funds

Mortgages Receivable	138,877
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Capital assets used in governmental activities are not financial resources and
are not reported in the funds

The cost of the capital assets is	1,865,415	
Accumulated depreciation is	<u>(678,580)</u>	1,186,835

Long term liabilities are not due and payable in the current period and are not
reported in the funds

Bonds Payable	(271,072)
Accrued Interest Payable	<u>(3,242)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,068,716</u></u>
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	General Fund	Fire and Rescue Fund	Library Fund	Housing Rehabilitation Fund	Road Fund
<u>Revenues</u>					
Taxes	\$ 56,498	\$ 60,245	\$ 24,857	\$ 0	\$ 0
State Grants	111,111	3,178	20,070	0	0
Charges for Services	7,605	30,718	1,331	0	0
Interest and Rents	17,588	5,034	211	3,337	404
Other Revenue	7,261	1,500	1,828	28,174	2,448
Total Revenues	\$ 200,063	\$ 100,675	\$ 48,297	\$ 31,511	\$ 2,852
<u>Expenditures</u>					
Legislative	\$ 2,050	\$ 0	\$ 0	\$ 0	\$ 0
General Government	102,238	0	0	0	0
Public Safety	0	81,224	0	0	0
Public Works	9,790	0	0	0	41,931
Recreation and Culture	4,151	0	59,965	0	0
Community and Economic Development	0	0	0	10,113	0
Other Functions	12,972	0	0	0	0
Debt Service					
Principal	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	\$ 131,201	\$ 81,224	\$ 59,965	\$ 10,113	\$ 41,931
Excess (Deficiency) of Revenues Over Expenditures	\$ 68,862	\$ 19,451	\$ (11,668)	\$ 21,398	\$ (39,079)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 1,350	\$ 22,400	\$ 0	\$ 0	\$ 0
Transfers Out	(22,400)	0	0	0	0
Total Other Financing Sources (Uses)	\$ (21,050)	\$ 22,400	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 47,812	\$ 41,851	\$ (11,668)	\$ 21,398	\$ (39,079)
<u>Fund Balance - Beginning of Year</u>	289,812	348,454	32,345	151,945	83,734
<u>Fund Balance - End of Year</u>	\$ 337,624	\$ 390,305	\$ 20,677	\$ 173,343	\$ 44,655

The notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 26,283	\$ 167,883
0	134,359
0	39,654
616	27,190
0	41,211
<u>\$ 26,899</u>	<u>\$ 410,297</u>
\$ 0	\$ 2,050
0	102,238
0	81,224
0	51,721
0	64,116
0	10,113
0	12,972
11,000	11,000
13,506	13,506
<u>\$ 24,506</u>	<u>\$ 348,940</u>
<u>\$ 2,393</u>	<u>\$ 61,357</u>
\$ 0	\$ 23,750
(1,350)	(23,750)
<u>\$ (1,350)</u>	<u>\$ 0</u>
\$ 1,043	\$ 61,357
49,671	955,961
<u>\$ 50,714</u>	<u>\$ 1,017,318</u>

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

Net change in Fund Balances Total Governmental Funds	\$ 61,357
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(53,979)
Capital Outlay	43,393

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	3,377
Accrued Interest Payable - End of Year	(3,242)

Repayments of principal on long-term debt are an expenditure in the governmental funds, but not in the statement of activities (where they are a reduction of liabilities)	11,000
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Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred Revenue - Beginning of Year	(156,967)
Deferred Revenue - End of Year	<u>138,877</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 43,816</u></u>
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The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUND

JUNE 30, 2005

	<u>Sewage Disposal</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash	\$ 44,247
Receivables (Net, Where Applicable, of Allowances for Uncollectables):	
Accounts	<u>48,214</u>
Total Current Assets	<u>\$ 92,461</u>
<u>Capital Assets</u>	
Sewer Lines and Connections	\$ 563,290
Machinery and Equipment	<u>71,629</u>
	\$ 634,919
Less Accumulated Depreciation	<u>(548,436)</u>
Net Capital Assets	<u>\$ 86,483</u>
TOTAL ASSETS	<u><u>\$ 178,944</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>Current Liabilities</u>	
Accounts Payable	<u>\$ 271</u>
<u>Net Assets</u>	
Invested in Capital Assets	\$ 86,483
Unrestricted	<u>92,190</u>
Total Net Assets	<u>\$ 178,673</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 178,944</u></u>

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

JUNE 30, 2005

	<u>Sewage Disposal</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 150,630
Rental	159,361
Total Operating Revenues	<u>\$ 309,991</u>
<u>Operating Expenses</u>	
Personal Services	\$ 4,000
Contracted Services	620
Telephone	1,609
Insurance	5,708
Operating Supplies and Expense	30,204
Heat, Light and Power	87,863
Dues	200
Licenses	1,525
Depreciation	13,829
Lease	159,361
Total Operating Expenses	<u>\$ 304,919</u>
Operating Income (Loss)	\$ 5,072
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	<u>271</u>
Change in Net Assets	\$ 5,343
<u>Net Assets - Beginning of Year</u>	<u>173,330</u>
<u>Net Assets - End of Year</u>	<u><u>\$ 178,673</u></u>

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

JUNE 30, 2005

	<u>Sewer Disposal</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	
Cash Flows from Operating Activities	\$ 291,497
Cash Received from Customers and Other Revenues	(289,415)
Cash Payments to Suppliers for Goods and Services	(4,000)
Cash Payments to Employees for Services	
	<u>\$ (1,918)</u>
Net Cash Provided (Used) by Operating Activities	
Cash Flows from Investing Activities	
Interest Received	<u>\$ 271</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 271</u>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	
	\$ (1,647)
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	
	<u>45,894</u>
<u>RECONCILIATION OF OPERATING INCOME TO</u>	
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>	<u>\$ 44,247</u>
Operating Income (Loss)	
Adjustments to Reconcile Operating Income to	
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,072</u>
Depreciation	
(Increase) Decrease in Current Assets	
Accounts Receivable	\$ 13,829
Increase (Decrease) in Current Liabilities	
Accounts Receivable	(18,494)
Due to Other Funds	
Accounts Payable	(325)
Total Adjustment Due to Other Funds	<u>(2,000)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,990)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (1,918)</u></u>

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND

JUNE 30, 2005

<u>Assets</u>	
Cash	<u>\$ 1,277</u>
<u>Liabilities</u>	
Intergovernmental Payable	<u>\$ 1,277</u>
<u>Net Assets</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Wheatland Township is a general law township located in Mecosta County which operates under the direction of an elected township board. The financial statements of the Township (government) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

As required by generally accepted accounting principles, these financial statements present the government and its discretely presented component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit has a June 30 year end.

DISCRETELY PRESETED COMPONENT UNIT

Downtown Development Authority

The Remus Downtown Development Authority was established in 1995 to provide economic development in the downtown area. The boundaries of the Authority are from M-20, three-quarters of a mile east and three-quarters of a mile west, also, from M-66, one mile north and one quarter mile south from the M-20/M-66 intersection. The Authority captures property taxes on all commercial property within its boundaries on increases in net taxable value over the base 1995 levels.

B. Government-wide and Fund Financial Statements

During fiscal year 2004, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Wheatland Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire and Rescue Fund* accounts for revenue sources that are legally restricted to expenditures for fire protection.

The *Library Fund* accounts for revenue sources legally restricted for operating public library.

The *Housing Rehabilitation Fund* accounts for revenue sources legally restricted for HUD Rehabilitation Fund.

The *Road Fund* accounts for revenue sources that are legally restricted to expenditures for road improvements.

The Township reports the following major proprietary fund:

The *Sewer Fund* accounts for revenue sources that are legally restricted to expenses for sewage disposal activities.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Additionally Wheatland Township reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted for expenditures for specific purposes.

The *debt service funds* account for the servicing of general long-term debt not being financed by proprietary funds.

The *perpetual care fund* is accounted for using the accrual method of accounting. Perpetual care fund accounts for assets that are legally restricted to the extent that only the earnings, and not the principal, may be used.

Fiduciary funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

D. Assets, Liabilities and Equity

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition.

(I) The Township Board has authorized the Township Treasurer to invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution with a location within the State of Michigan.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

- (g) Mutual funds registered under the Investment Company Act of 1940, Title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by the Township Treasurer. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share. (Recommendation--the above limitation is recommended, however, the Treasurer may also include mutual funds whose net asset value may fluctuate on a periodic basis by so stating in this area).
- (h) Investment pools organized under the Local Government Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
- (i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes are levied and due July 1, and become delinquent after September 14. County taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Land and Building improvements	20
Public domain infrastructure	50
Vehicles	10
Equipment and Books	5-10

Wheatland Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning July 1, 2003, in accordance with the Township's capitalization policy.

5. *Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

6. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. *Restatement/Reclassifications*

Beginning fund balances have been restated for the General Fund and for the Fire Fund to correctly reflect the impact of implementing GASB 34. The fund statements are now presented using the modified accrual basis of accounting rather than the cash basis of accounting which was utilized in prior years.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on June 21, 2004, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

B. Funds with Expenditures in Excess of Appropriations were as follows:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Supervisor	\$ 3,509	\$ 5,820
Clerk	9,000	9,179
Township Hall	53,000	64,146
Recreation and Cultural	3,900	4,151
Fire and Rescue Fund	50,900	81,224
Library Fund	54,802	59,965
Housing and Rehabilitation Fund	0	10,113
Road Fund	0	41,931
Sewer Fund	134,425	304,919

These overages were funded by greater than anticipated revenues and available fund balance.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Township's deposits and investments are all on deposit with Isabella Bank and Trust, Firstbank, and Flagstar Bank.

Investment rate risk. The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Foreign currency risk. The Township is not authorized to invest in investments, which have this type of risk.

Credit risk. The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2005, \$371,444 of the government's bank balance of \$1,066,565 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end all of the Township's investments were uncategorized as to risk.

The Township's deposits are owned by several of the Township's funds. At year end, the carrying amount of the primary government's deposits was \$1,063,619 and the bank balance was \$1,066,565. \$695,121 of the bank balance was covered by federal depository insurance, and \$371,444 was uninsured and uncollateralized. This amount included \$939,724 of time certificates of deposit and money market accounts which have been classified as cash on the balance sheets.

A reconciliation of cash follows:

	PRIMARY GOVERNMENT	COMPONENT UNITS
Carrying amount of Deposits	\$ 1,063,619	\$ 37,767
Government-wide Statement of Net Assets		
Cash	\$ 1,063,619	\$ 37,767
Statement of Fiduciary Net Assets		
Cash	1,277	0
Total	\$ 1,064,896	\$ 37,767

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Fire and Rescue	Library	Housing Rehabilitation	Sewer	Other	Total
Receivables							
Accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,214	\$ 0	\$ 48,214
Taxes	96	150	62	0		61	369
Mortgages	0	0	0	234,877		0	234,877
Intergovernmental	2,677	3,178	0	0		0	5,855
	2,773	3,328	62	234,877	48,214	61	289,315
Less Allowance for Uncollectibles	0	0	0	(96,000)	0	0	(96,000)
	\$ 2,773	\$ 3,328	\$ 62	\$ 138,877	\$ 48,214	\$ 61	\$ 193,315

Mortgages receivable as reported in the special revenue funds consist of mortgages resulting from loans made with H.U.D. Grant monies to assist low and moderate income families rehabilitate and improve their homes. Eligibility is determined by specific criteria, liens are placed on the property and payoffs of existing loans are made available for new loans.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Revenue	
	Unavailable	Unearned
Mortgages Receivable (Special Revenue Fund)	\$ 138,877	0

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 16,059	\$ 0	\$ 0	\$ 16,059
Capital assets, being depreciated				
Buildings	\$ 1,224,430	\$ 0	\$ 0	\$ 1,224,430
Building Improvements	15,012	0	0	15,012
Land Improvements	154,583	0	0	154,583
Books	86,364	9,344	0	95,708
Equipment	109,174	34,049	0	143,223
Vehicles	216,401	0	0	216,401
Total capital assets, being depreciated	\$ 1,805,964	\$ 43,393	\$ 0	1,849,357
Less accumulated depreciation for:				
Buildings	\$ 278,861	\$ 22,040	\$ 0	\$ 300,901
Building Improvements	7,864	751	0	8,615
Land Improvements	57,156	7,029	0	64,185
Books	40,960	7,886	0	48,846
Equipment	59,406	10,633	0	70,039
Vehicles	180,354	5,640	0	185,994
Total accumulated depreciation	\$ 624,601	\$ 53,979	\$ 0	\$ 678,580
Total capital assets, being depreciated, net	\$ 1,181,363	\$ (10,586)	\$ 0	\$ 1,170,777
Governmental activities capital assets, net	\$ 1,197,422	\$ (10,586)	\$ 0	\$ 1,186,836
Net capital assets per Statement of Net Assets				\$ <u>1,186,836</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Business-Type Activities

Sewer

Capital assets, being depreciated

Machinery and equipment	\$	71,629	\$	0	\$	0	\$	71,629
Sewer Connection Lines		563,290		0		0		563,290

Total capital assets, Sewer,
being depreciated

\$	634,919	\$	0	\$	0	\$	634,919
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Less accumulated depreciation for:

Machinery and equipment	\$	70,776	\$	568	\$	0	\$	71,344
Sewer Connection Lines		463,831		13,261		0		477,092

Total accumulated depreciation, Sewer

\$	534,607	\$	13,829	\$	0	\$	548,436
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Total capital assets, Sewer,
being depreciated, net

\$	100,312	\$	(13,829)	\$	0	\$	86,483
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Sewer capital assets, net

\$	100,312	\$	(13,829)	\$	0	\$	86,483
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Net capital assets per Statement of Net Assets

\$ 86,483

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$	28,334
Public Safety		11,010
Recreation and Culture		<u>14,635</u>

Total depreciation expense - governmental activities

\$ 53,979

Business-type activities:

Sewer	\$	<u>13,829</u>
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The Township had no outstanding construction commitments as of June 30, 2005.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2005, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 0	\$ 12,400
Special Revenue Funds		
Fire and Rescue Fund	12,400	0
	<u>\$ 12,400</u>	<u>\$ 12,400</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

The following is a schedule of transfers between funds for the year ending June 30, 2005:

	<u>TRANSFERS</u>	
	<u>IN</u>	<u>OUT</u>
<u>General Fund</u>		
To		
Fire and Rescue Fund	\$ 0	\$ 22,400
From		
UDAG Fund	1,350	0
<u>Special Revenue Fund</u>		
Fire Fund		
From		
General Fund	22,400	0
UDAG Fund		
To		
General Fund	0	1,350
TOTALS	<u>\$ 23,750</u>	<u>\$ 23,750</u>

Transfers are used (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Intergovernmental

The following is a schedule of intergovernmental transactions between the primary government and the component unit for the year ending June 30, 2005:

<u>FUND</u>	<u>INTERGOVERNMENTAL</u>	
	<u>IN</u>	<u>OUT</u>
<u>Primary Government</u>		
<u>Special Revenue Fund – Fire and Rescue</u>		
From Component Unit		
Downtown Development Authority	\$ 950	\$ 0
 TOTALS	 \$ 950	 \$ 0

F. Long-Term Debt

The following is a summary of the long-term debt transactions of the Township of Wheatland for the year ended June 30, 2005:

Governmental activities:

	<u>GENERAL OBLIGATION BONDS</u>
Long –Term Debt Payable	
At July 1, 2004	\$ 282,072
New Debt Incurred	0
Payments on Debt	<u>(11,000)</u>
 LONG-TERM DEBT PAYABLE	
AT JUNE 30, 2005	 \$ 271,072

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Debt payable at June 30, 2005 consisted of the following individual issues:

Governmental Activities

General Obligation

\$170,000, Township Hall General Obligation Bonds due in annual installments of \$8,000 to \$9,000 through April 1, 2009; interest at 5.00%	\$ 35,000
 \$255,780 Library Building and Site General Obligation Bonds due in annual installments of \$3,000 to \$15,000 through April 1, 2031; interest at 4.75%	 236,072
 Total Governmental activities	 \$ 271,072

The annual requirements to amortize debt outstanding as of June 30, 2005 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts Payable</u>
2006	\$ 11,000	\$ 12,964	\$ 23,964
2007	13,000	12,419	25,419
2008	13,000	11,781	24,781
2009	14,000	11,139	25,139
2010	5,000	10,454	15,454
2011-2015	34,000	47,889	81,889
2016-2020	46,000	38,871	84,871
2021-2025	59,000	26,711	85,711
2026-2030	71,000	11,557	82,557
2031	5,072	241	5,313
	<u>\$ 271,072</u>	<u>\$ 184,026</u>	<u>\$ 455,098</u>

G. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds. In addition, certain portions of unreserved fund balances have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

FUND BALANCE/NET ASSETS

Reserved

General Fund

Playground Equipment	\$ 2,237
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Special Revenue Funds

HUD Rehabilitation Fund

Housing Programs	173,343
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Debt Service Funds

Townhall Debt Service Fund

Debt Service	10,656
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Library Debt Service Fund

Debt Service	13,771
--------------	--------

Permanent Funds

Cemetery Trust Fund

Endowment	2,910
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Designated

Special Revenue Funds

Fire and Rescue Fund

Equipment	372,718
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TOTAL FUND BALANCE

RESERVES AND DESIGNATIONS	\$ 575,635
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IV. OTHER INFORMATION

A. Property Tax

The Township levied the following taxes on a taxable value of \$33,493,566 on the 2004 tax roll:

	Mills		Revenue
General Fund	1.2423	\$	38,762
Fire Equipment	1.9484		60,125
Library	0.7978		24,807
Township Hall Debt Retirement	0.3359		10,699
Library Debt Retirement	0.4739		15,382

Property taxes attach as an enforceable lien on property as of January 1. The Township bills its property taxes in December of each year and collects them through February 28, at which time they are returned delinquent to Mecosta County.

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

B. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions insurance and workers' compensation. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

C. Retirement Plan

The Township maintains a single employer 401(a) contribution pension plan administered by Burnham and Flowers. Contributions are made yearly. The Township contributed \$3,517 from the General Fund and \$1,569 from the Library Fund for the year ended June 30, 2005. The plan also allows for voluntary contributions by eligible employees. The plan covers full-time employees and elected officials.

D. Leases

The Township is committed under one lease for waste water treatment equipment. The lease is an operating lease with no contingent lease payments. Future minimum payments are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2006	\$ 159,361
2007	159,361
2008	159,361
2009	159,361
2010	159,361
	<u>\$ 796,805</u>

The Township is receiving lease income for waste water special processing services to Leprino Foods. Future minimum income is as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2006	\$ 159,361
2007	159,361
2008	159,361
2009	159,361
2010	159,361
	<u>\$ 796,805</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	GENERAL FUND				FIRE AND RESCUE FUND				LIBRARY FUND			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>												
Taxes	\$ 56,700	\$ 56,700	\$ 56,498	\$ (202)	\$ 0	\$ 0	\$ 60,245	\$ 60,245	\$ 23,600	\$ 23,600	\$ 24,857	\$ 1,257
State Grants	116,350	116,350	111,111	(5,239)	0	0	3,178	3,178	16,975	16,975	20,070	3,095
Charges for Services	7,647	7,647	7,605	(42)	28,500	28,500	30,718	2,218	2,000	2,000	1,331	(669)
Interest and Rents	12,250	10,750	17,588	6,838	0	0	5,034	5,034	204	204	211	7
Other Revenue	0	500	7,261	6,761	0	0	1,500	1,500	4,000	4,000	1,828	(2,172)
Total Revenues	\$ 192,947	\$ 191,947	\$ 200,063	\$ 8,116	\$ 28,500	\$ 28,500	\$ 100,675	\$ 72,175	\$ 46,779	\$ 46,779	\$ 48,297	\$ 1,518
<u>Expenditures</u>												
Legislative	\$ 2,100	\$ 2,100	\$ 2,050	\$ 50	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	92,384	91,294	102,238	(10,944)	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	50,900	50,900	81,224	(30,324)	0	0	0	0
Public Works	11,050	11,050	9,790	1,260	0	0	0	0	0	0	0	0
Recreation and Cultural	3,900	3,900	4,151	(251)	0	0	0	0	54,802	54,802	59,965	(5,163)
Other Functions	14,509	15,599	12,972	2,627	0	0	0	0	0	0	0	0
Total Expenditures	\$ 123,943	\$ 123,943	\$ 131,201	\$ (7,258)	\$ 50,900	\$ 50,900	\$ 81,224	\$ (30,324)	\$ 54,802	\$ 54,802	\$ 59,965	\$ (5,163)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 69,004	\$ 68,004	\$ 68,862	\$ 858	\$ (22,400)	\$ (22,400)	\$ 19,451	\$ 41,851	\$ (8,023)	\$ (8,023)	\$ (11,668)	\$ (3,645)
<u>Other Financing Sources (Uses)</u>												
Transfers In	\$ 0	\$ 0	\$ 1,350	\$ 1,350	\$ 22,400	\$ 22,400	\$ 22,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(37,400)	(37,400)	(22,400)	15,000	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ (37,400)	\$ (37,400)	\$ (21,050)	\$ 16,350	\$ 22,400	\$ 22,400	\$ 22,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 31,604	\$ 30,604	\$ 47,812	\$ 17,208	\$ 0	\$ 0	\$ 41,851	\$ 41,851	\$ (8,023)	\$ (8,023)	\$ (11,668)	\$ (3,645)
Fund Balance - Beginning of Year	289,812	289,812	489,106	199,294	348,454	348,454	348,454	0	32,345	32,345	32,345	0
Fund Balance - End of Year	\$ 321,416	\$ 320,416	\$ 536,918	\$ 216,502	\$ 348,454	\$ 348,454	\$ 390,305	\$ 41,851	\$ 24,322	\$ 24,322	\$ 20,677	\$ (3,645)

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

HOUSING REHABILITATION FUND					
	Original Budget	Final Budget	Actual	Variance With Final Budget	
<u>Revenues</u>					
Interest and Rents	\$ 0	\$ 0	\$ 3,337	\$ 3,337	
Other Revenue	0	0	28,174	28,174	
Total Revenues	\$ 0	\$ 0	\$ 31,511	\$ 31,511	
<u>Expenditures</u>					
Public Works	\$ 0	\$ 0	\$ 0	\$ 0	
Community and Economic Development	0	0	10,113	(10,113)	
Total Expenditures	\$ 0	\$ 0	\$ 10,113	\$ (10,113)	
Net Change in Fund Balance	\$ 0	\$ 0	\$ 21,398	\$ 21,398	
<u>Fund Balance - Beginning of Year</u>	0	0	151,945	151,945	
<u>Fund Balance - End of Year</u>	\$ 0	\$ 0	\$ 173,343	\$ 173,343	

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

GENERAL FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

Cash	
Checking	\$ 38,525
Checking - Lou Randall Kids Fund	2,237
Savings	50,851
Certificates of Deposit	260,037
Receivables	
Taxes Receivable	96
Intergovernmental	<u>2,677</u>
 TOTAL ASSETS	 \$ <u><u>354,423</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 2,943
Payroll Withholdings Payable	1,456
Due to Fire and Rescue Fund	<u>12,400</u>
 Total Liabilities	 \$ <u><u>16,799</u></u>

FUND BALANCE

Reserved - Playground Equipment	\$ 2,237
Unreserved	<u>335,387</u>

TOTAL FUND BALANCE	\$ <u><u>337,624</u></u>
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TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>354,423</u></u>
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<u>REVENUES</u>				
Taxes	\$ 56,700	\$ 56,700	\$ 56,498	\$ (202)
State Grants	116,350	116,350	111,111	(5,239)
Charges for Services	7,647	7,647	7,605	(42)
Interest and Rents	12,250	10,750	17,588	6,838
Other Revenues	0	500	7,261	6,761
Total Revenues	\$ 192,947	\$ 191,947	\$ 200,063	\$ 8,116
<u>EXPENDITURES</u>				
Legislative	\$ 2,100	\$ 2,100	\$ 2,050	\$ 50
General Government	92,384	91,294	102,238	(10,944)
Public Works	11,050	11,050	9,790	1,260
Recreation and Cultural	3,900	3,900	4,151	(251)
Other Functions	14,509	15,599	12,972	2,627
Total Expenditures	\$ 123,943	\$ 123,943	\$ 131,201	\$ (7,258)
Excess of Revenues Over (Under) Expenditures	\$ 69,004	\$ 68,004	\$ 68,862	\$ 858
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 0	\$ 0	\$ 1,350	\$ 1,350
Transfers Out	(37,400)	(37,400)	(22,400)	15,000
Total Other Financing Sources (Uses)	\$ (37,400)	\$ (37,400)	\$ (21,050)	\$ 16,350
Net Change in Fund Balance	\$ 31,604	\$ 30,604	\$ 47,812	\$ 17,208
<u>FUND BALANCE</u> - Beginning of Year	289,812	289,812	289,812	0
<u>FUND BALANCE</u> - End of Year	\$ 321,416	\$ 320,416	\$ 337,624	\$ 17,208

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES-BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
<u>REVENUES</u>			
Taxes			
Property Taxes			
Regular	\$ 39,700	\$ 38,762	\$ (938)
IFT	0	78	78
Payments in Lieu of Taxes	17,000	17,033	33
Penalties and Interest	0	625	625
	<hr/>		
Total Taxes	\$ 56,700	\$ 56,498	\$ (202)
	<hr/>		
State Grants			
Sales Tax	\$ 114,000	\$ 108,434	\$ (5,566)
Metro - Right of Way	2,350	2,677	327
	<hr/>		
Total State Grants	\$ 116,350	\$ 111,111	\$ (5,239)
	<hr/>		
Charges for Services			
Sale of Cemetery Lots	\$ 1,200	\$ 1,150	\$ (50)
Tax Collection Fees	2,400	2,402	2
Management Fees - Sewer	4,000	4,000	0
Licenses	47	53	6
	<hr/>		
Total Charges for Services	\$ 7,647	\$ 7,605	\$ (42)
	<hr/>		
Interest and Rents			
Interest	\$ 2,400	\$ 8,457	\$ 6,057
Hall Rental	4,500	5,183	683
Tower Lease	2,850	2,968	118
Park Rental	1,000	980	(20)
	<hr/>		
Total Interest and Rents	\$ 10,750	\$ 17,588	\$ 6,838
	<hr/>		

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES-BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Other Revenue			
Refunds and Rebates	\$ 0	\$ 4,530	\$ 4,530
Donations	0	2,234	2,234
Miscellaneous	500	497	(3)
Total Other Revenues	\$ 500	\$ 7,261	\$ 6,761
Total Revenues	\$ 191,947	\$ 200,063	\$ 8,116
<u>OTHER FINANCING SOURCES</u>			
Transfers In - UDAG	\$ 0	\$ 1,350	\$ 1,350
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 191,947	\$ 201,413	\$ 9,466

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>EXPENDITURES</u>			
Legislative			
Township Board			
Personal Services			
Salaries and Wages	\$ 2,100	\$ 2,050	\$ 50
General Government			
Supervisor			
Personal Services			
Salaries and Wages	\$ 3,509	\$ 5,820	\$ (2,311)
Clerk's Office			
Personal Services			
Salaries and Wages	\$ 9,000	\$ 9,179	\$ (179)
Board of Review			
Personal Services			
Salaries and Wages	\$ 435	\$ 435	\$ 0
Treasurer's Office			
Personal Services			
Salaries and Wages	\$ 13,400	\$ 13,403	\$ (3)
Other Services and Charges			
Education and Training	300	213	87
Miscellaneous	1,950	1,925	25
Total Treasurer's Office	\$ 15,650	\$ 15,541	\$ 109
Assessor			
Personal Services			
Salaries and Wages	\$ 7,000	\$ 4,640	\$ 2,360
Elections			
Personal Services			
Salaries and Wages	\$ 1,300	\$ 1,288	\$ 12
Supplies			
Office Supplies	0	10	(10)
Operating Supplies	900	743	157
Other Services and Charges			
Transportation	200	183	17

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Miscellaneous	300	253	47
Total Elections	\$ 2,700	\$ 2,477	\$ 223
Township Hall			
Personal Services			
Salaries and Wages	\$ 31,000	\$ 35,015	\$ (4,015)
Supplies			
Office Expense	3,000	4,606	(1,606)
Supplies	900	1,959	(1,059)
Other Services and Charges			
Professional Services	100	65	35
Communications	1,800	1,757	43
Printing and Publication	100	28	72
Utilities	10,100	12,524	(2,424)
Repairs and Maintenance	4,000	7,201	(3,201)
Education and Training	300	0	300
Miscellaneous	200	188	12
Capital Outlay - Equipment	1,500	803	697
Total Township Hall	\$ 53,000	\$ 64,146	\$ (11,146)
Total General Government	\$ 91,294	\$ 102,238	\$ (10,944)
Public Works			
Street Lighting			
Supplies			
Operating Supplies	\$ 500	\$ 0	\$ 500
Other Services and Charges			
Dues and Fees	1,200	1,072	128
Public Utilities	6,500	5,668	832
Repairs and Maintenance	250	250	0
Contracted Services	1,250	1,450	(200)
Capital Outlay - Parking Lot Sealing	1,350	1,350	0
Total Public Works	\$ 11,050	\$ 9,790	\$ 1,260

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES-BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Recreation and Cultural			
Parks			
Supplies			
Operating Supplies	\$ 1,000	\$ 717	\$ 283
Software	1,500	1,484	16
Other Services and Charges			
Utilities	1,200	1,158	42
Repair and Maintenance	200	792	(592)
Total Recreation and Cultural	\$ 3,900	\$ 4,151	\$ (251)
Other Functions			
Fringe Benefits			
Social Security and Medicare	\$ 2,600	\$ 3,180	\$ (580)
Retirement Expense	3,699	3,517	182
Insurance			
Liability and Bonds	5,700	5,665	35
Workman Compensation	3,600	610	2,990
Total Other Functions	\$ 15,599	\$ 12,972	\$ 2,627
Total Expenditures	\$ 123,943	\$ 131,201	\$ (7,258)
<u>OTHER FINANCING USES</u>			
Transfers Out			
Road Fund	\$ 15,000	\$ 0	\$ 15,000
Fire and Rescue Fund	22,400	22,400	0
Total Other Financing Uses	\$ 37,400	\$ 22,400	\$ 15,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 161,343	\$ 153,601	\$ 7,742

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

FIRE AND RESCUE FUND
BALANCE SHEET

JUNE 30, 2005

ASSETS

Cash	
Checking	\$ 3,467
Money Market	18,268
Certificates of Deposit	353,040
Taxes Receivable	150
Intergovernmental Receivable	3,178
Due from General Fund	<u>12,400</u>
 TOTAL ASSETS	 <u><u>\$ 390,503</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	<u>\$ 198</u>
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FUND BALANCE

Reserved for New Equipment	\$ 372,718
Unreserved	<u>17,587</u>

Total Fund Balance	<u>\$ 390,305</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 390,503</u></u>
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

FIRE AND RESCUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
<u>REVENUES</u>			
Taxes			
Property Taxes			
Regular	\$ 0	\$ 60,125	\$ 60,125
IFT	0	120	120
State Grants	0	3,178	3,178
Charges for Services			
Sheridan Township	10,000	10,186	186
Broomfield Township	9,000	14,015	5,015
Rescue Proceeds	9,500	6,517	(2,983)
Interest and Rents			
Interest	0	5,034	5,034
Other Revenue			
Contributions and Donations	0	25	25
Insurance Claims	0	525	525
Intergovernmental Revenue	0	950	950
Total Revenues	\$ 28,500	\$ 100,675	\$ 72,175

EXPENDITURES

Public Safety			
Fire Protection			
Personal Services			
Salaries and Wages	\$ 22,485	\$ 18,517	\$ 3,968
Employee Benefits	2,960	2,525	435
Supplies			
Materials and Supplies	855	1,928	(1,073)
Gas and Oil - Trucks	1,700	870	830
Other Services and Charges			
Repairs and Maintenance	7,750	7,879	(129)
Communications	250	315	(65)
Insurance	9,500	9,917	(417)

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

FIRE AND RESCUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Education and Training	4,000	1,695	2,305
Miscellaneous	0	3,256	(3,256)
Total Fire Protection	\$ 49,500	\$ 46,902	\$ 2,598
Rescue Services			
Other Services and Charges			
Education and Training	\$ 1,400	\$ 0	\$ 1,400
Repairs and Maintenance	0	272	(272)
Total Rescue Services	\$ 1,400	\$ 272	\$ 1,128
Fire Protection and Rescue			
Capital Outlay			
Emergency Equipment	\$ 0	\$ 34,050	\$ (34,050)
Total Expenditures	\$ 50,900	\$ 81,224	\$ (30,324)
Excess of Revenues Over (Under) Expenditures	\$ (22,400)	\$ 19,451	\$ 41,851
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 22,400	\$ 22,400	\$ 0
Net Change in Fund Balance	\$ 0	\$ 41,851	\$ 41,851
<u>FUND BALANCE</u> - Beginning of Year	348,454	348,454	0
<u>FUND BALANCE</u> - End of Year	\$ 348,454	\$ 390,305	\$ 41,851

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

LIBRARY FUND
BALANCE SHEET

JUNE 30, 2005

ASSETS

Cash	
Checking	\$ 5,007
Savings - Regular	19,289
Taxes Receivable	<u>62</u>
 TOTAL ASSETS	 \$ 24,358

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 2,746
Payroll Taxes Payable	665
Pension Withholding	<u>270</u>
 Total Liabilities	 \$ 3,681

FUND BALANCE

Unreserved	<u>20,677</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 24,358

WHEATLAND TOWNSHIP, MECOSTA COUNTY

REMUS, MICHIGAN

LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
<u>REVENUES</u>			
Taxes			
Property Taxes			
Regular	\$ 23,600	\$ 24,807	\$ 1,207
IFT	0	50	50
State Grants			
Library State Aid	1,275	2,553	1,278
Library Penal Fines			
Mecosta County	15,700	17,517	1,817
Charges for Services			
Copy Machine Fees and Other	2,000	1,331	(669)
Interest and Rents			
Interest	204	211	7
Other Revenues			
Contributions and Donations	4,000	1,828	(2,172)
Total Revenues	\$ 46,779	\$ 48,297	\$ 1,518
<u>EXPENDITURES</u>			
Culture			
Personal Services			
Librarian	\$ 32,000	\$ 31,230	\$ 770
Fringe Benefits			
Social Security and Medicare	2,475	2,390	85
Retirement	720	1,569	(849)
Supplies			
Books	10,008	10,659	(651)
Operating Supplies	2,136	2,446	(310)
Insurance	1,250	1,282	(32)
Communications	1,632	1,890	(258)
Transportation	50	0	50
Memberships and Dues	187	1,089	(902)
Utilities	3,408	3,889	(481)
Repairs and Maintenance	132	1,122	(990)
Education and Training	0	408	(408)

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Capital Outlay			
Building	0	50	(50)
Equipment	0	1,080	(1,080)
Miscellaneous Expense	804	861	(57)
Total Expenditures	\$ 54,802	\$ 59,965	\$ (5,163)
Excess of Revenues Over (Under) Expenditures	\$ (8,023)	\$ (11,668)	\$ (3,645)
<u>FUND BALANCE</u> - Beginning of Year	32,345	32,345	0
<u>FUND BALANCE</u> - End of Year	\$ 24,322	\$ 20,677	\$ (3,645)

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

HOUSING REHABILITATION FUND
BALANCE SHEET

JUNE 30, 2005

ASSETS

Cash	
Checking	\$ 35,302
Certificate of Deposit	138,041
Receivables	
Mortgages	234,877
Estimated Uncollectible Loans	<u>(96,000)</u>
 TOTAL ASSETS	 \$ 312,220

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred Revenue	\$ 138,877
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FUND BALANCE

Reserved for Housing Programs	<u>173,343</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 312,220</u>
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

HOUSING REHABILITATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2005

REVENUES

Interest and Rents	
Interest	\$ 3,337
Other Revenue	
Loan Repayments	<u>28,174</u>
 Total Revenues	 <u>\$ 31,511</u>

EXPENDITURES

Community and Economic Development	
Housing Rehabilitation	
Professional Services	\$ 28
Loans Processed	<u>10,085</u>
 Total Expenditures	 <u>\$ 10,113</u>

Excess of Revenues Over (Under) Expenditures	\$ 21,398
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<u>FUND BALANCE</u> - Beginning of Year	<u>151,945</u>
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<u>FUND BALANCE</u> - End of Year	<u><u>\$ 173,343</u></u>
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

CAPITAL PROJECTS - ROAD FUND
BALANCE SHEET

JUNE 30, 2005

ASSETS

Cash	
Money Market Fund	<u>\$ 44,655</u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
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<u>FUND BALANCE</u>	
Unreserved	<u>44,655</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 44,655</u>
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

CAPITAL PROJECTS - ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

REVENUES

Interest and Rents	
Interest	\$ 404
Other Revenue	
Refunds and Rebates	<u>2,448</u>
 Total Revenues	 \$ 2,852

EXPENDITURES

Capital Outlay - Road Construction	<u>41,931</u>
 Excess of Revenues Over (Under) Expenditures	 \$ (39,079)

<u>FUND BALANCE</u> - Beginning of Year	<u>83,734</u>
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<u>FUND BALANCE</u> - End of Year	<u><u>\$ 44,655</u></u>
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

SANITARY SEWAGE DISPOSAL SYSTEM
STATEMENT OF NET ASSETS

JUNE 30, 2005

ASSETS

CURRENT ASSETS

Cash	
Checking	\$ 19,481
Savings	24,766
Accounts Receivable	48,214
	<hr/>
Total Current Assets	\$ 92,461

CAPITAL ASSETS

Sewer Lines and Connections	\$ 563,290
Machinery and Equipment	71,629
	<hr/>
Total	\$ 634,919
Less Accumulated Depreciation	(548,436)
	<hr/>
Net Capital Assets	\$ 86,483
	<hr/>
TOTAL ASSETS	\$ 178,944

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 271
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NET ASSETS

Invested in Capital Assets	\$ 86,483
Unrestricted	92,190
	<hr/>
Total Net Assets	\$ 178,673
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 178,944

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

SANITARY SEWAGE DISPOSAL SYSTEM
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>OPERATING REVENUES</u>			
Charges for Services			
Sales - Leprino's	\$ 100,000	\$ 101,071	\$ 1,071
User Charges	36,000	49,559	13,559
Rents			
Leprino Lease	0	159,361	159,361
Total Operating Revenues	\$ 136,000	\$ 309,991	\$ 173,991
<u>OPERATING EXPENSES</u>			
Administration and General			
Personal Services			
Salaries and Wages	\$ 4,000	\$ 4,000	\$ 0
Other Services and Charges			
Insurance	6,000	5,708	292
Telephone	1,600	1,609	(9)
Total Administration	\$ 11,600	\$ 11,317	\$ 283
Plant			
Supplies			
Treatment - Chemicals	\$ 30,000	\$ 30,204	\$ (204)
Other Services and Charges			
State Septic License	1,525	1,525	0
Dues	200	200	0
Contracted Services	2,200	620	1,580
Heat, Light and Power	88,900	87,863	1,037
Lease	0	159,361	(159,361)
Depreciation	0	13,829	(13,829)
Total Plant	\$ 122,825	\$ 293,602	\$ (170,777)

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

SANITARY SEWAGE DISPOSAL SYSTEM
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Total Operating Expenses	\$ 134,425	\$ 304,919	\$ (170,494)
Operating Income (Loss)	\$ 1,575	\$ 5,072	\$ 3,497
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	275	271	(4)
Change in Net Assets	\$ 1,850	\$ 5,343	\$ 3,493
<u>NET ASSETS</u> - Beginning of Year	0	173,330	173,330
<u>NET ASSETS</u> - End of Year	\$ 1,850	\$ 178,673	\$ 176,823

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

SANITARY SEWAGE DISPOSAL SYSTEM
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2005

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows from Operating Activities	
Cash Received from Customers and Other Revenues	\$ 291,497
Cash Payments to Suppliers for Goods and Services	(289,415)
Cash Payments to Employees for Services	<u>(4,000)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,918)</u>
Cash Flows from Investing Activities	
Interest Received	<u>\$ 271</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,647)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>45,894</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u><u>\$ 44,247</u></u>

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income (Loss)	<u>\$ 5,072</u>
Adjustments to Reconcile Operating Income to	
Net Cash Provided (Used) by Operating Activities	
Depreciation	\$ 13,829
(Increase) Decrease in Current Assets	
Accounts Receivable	(18,494)
Increase (Decrease) in Current Liabilities	
Accounts Payable	(325)
Due to Other Funds	<u>(2,000)</u>
Total Adjustments	<u>\$ (6,990)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,918)</u></u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY

REMUS, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2005

	Special Revenue Fund	Debt Service Funds		Permanent Fund	Total Non-Major Governmental Funds
	UDAG	Library	Township Hall	Cemetery Perpetual Care	
<u>Assets</u>					
Cash	\$ 23,377	\$13,735	\$10,631	\$ 2,910	\$ 50,653
Taxes Receivable	0	36	25	0	61
Total Assets	<u>\$ 23,377</u>	<u>\$13,771</u>	<u>\$10,656</u>	<u>\$ 2,910</u>	<u>\$ 50,714</u>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fund Balance</u>					
Reserved for Debt Service	\$ 0	\$13,771	\$10,656	\$ 0	\$ 24,427
Reserved for Endowment	0	0	0	2,910	2,910
Unreserved, Undesignated	23,377	0	0	0	23,377
Total Fund Balances	<u>\$ 23,377</u>	<u>\$13,771</u>	<u>\$10,656</u>	<u>\$ 2,910</u>	<u>\$ 50,714</u>
Total Liabilities and Fund Balance	<u>\$ 23,377</u>	<u>\$13,771</u>	<u>\$10,656</u>	<u>\$ 2,910</u>	<u>\$ 50,714</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2005

	Special Revenue Fund	Debt Service Funds		Permanent Fund	
	UDAG	Library	Township Hall	Cemetery Perpetual Care	Total Non-Major Governmental Funds
<u>REVENUES</u>					
Taxes	\$ 0	\$ 15,501	\$ 10,782	\$ 0	\$ 26,283
Interest and Rents	104	182	123	207	616
Total Revenues	<u>\$ 104</u>	<u>\$ 15,683</u>	<u>\$ 10,905</u>	<u>\$ 207</u>	<u>\$ 26,899</u>
<u>EXPENDITURES</u>					
Debt Service					
Principal	\$ 0	\$ 3,000	\$ 8,000	\$ 0	\$ 11,000
Interest and Fiscal Charges	0	11,356	2,150	0	13,506
Total Expenditures	<u>\$ 0</u>	<u>\$ 14,356</u>	<u>\$ 10,150</u>	<u>\$ 0</u>	<u>\$ 24,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 104	\$ 1,327	\$ 755	\$ 207	\$ 2,393
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	(1,350)	0	0	0	(1,350)
Net Change in Fund Balance	\$ (1,246)	\$ 1,327	\$ 755	\$ 207	\$ 1,043
<u>FUND BALANCE -</u> Beginning of Year	24,623	12,444	9,901	2,703	49,671
<u>FUND BALANCE -</u> End of Year	<u>\$ 23,377</u>	<u>\$ 13,771</u>	<u>\$ 10,656</u>	<u>\$ 2,910</u>	<u>\$ 50,714</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

UDAG FUND
BALANCE SHEET

JUNE 30, 2005

ASSETS

Cash	
Checking	\$ 8,377
Certificate of Deposit	15,000
	<hr/>
TOTAL ASSETS	\$ 23,377
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
<u>FUND BALANCE</u>	
Unreserved	23,377
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 23,377
	<hr/> <hr/>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

UDAG FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

REVENUES

Interest and Rents

Interest \$ 104

EXPENDITURES

0

Excess of Revenues Over (Under) Expenditures \$ 104

OTHER FINANCING SOURCES (USES)

Transfer Out - General Fund

(1,350)

Net Change in Fund Balance \$ (1,246)

FUND BALANCE - Beginning of Year

24,623

FUND BALANCE - End of Year

\$ 23,377

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

DEBT SERVICE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2005

		LIBRARY	TOWNSHIP HALL	TOTAL
	<u>ASSETS</u>			
Cash				
Checking		\$ 13,735	\$ 10,631	\$ 24,366
Taxes Receivable		36	25	61
TOTAL ASSETS		<u>\$ 13,771</u>	<u>\$ 10,656</u>	<u>\$ 24,427</u>
	<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>		\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>				
Reserved for Debt Service		<u>\$ 13,771</u>	<u>\$ 10,656</u>	<u>\$ 24,427</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 13,771</u>	<u>\$ 10,656</u>	<u>\$ 24,427</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2005

	TOWNSHIP		
	LIBRARY	HALL	TOTAL
<u>REVENUES</u>			
Property Taxes			
Regular	\$ 15,382	\$ 10,699	\$ 26,081
IFT	119	83	202
Interest and Rents	182	123	305
	<hr/>		
Total Revenues	\$ 15,683	\$ 10,905	\$ 26,588
	<hr/>		
<u>EXPENDITURES</u>			
Debt Service			
Principal	\$ 3,000	\$ 8,000	\$ 11,000
Interest and Fiscal Charges	11,356	2,150	13,506
	<hr/>		
Total Expenditures	\$ 14,356	\$ 10,150	\$ 24,506
	<hr/>		
Excess of Revenues Over (Under) Expenditures	\$ 1,327	\$ 755	\$ 2,082
	<hr/>		
<u>FUND BALANCE</u> - Beginning of Year	12,444	9,901	22,345
	<hr/>		
<u>FUND BALANCE</u> - End of Year	\$ 13,771	\$ 10,656	\$ 24,427
	<hr/>		

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

CEMETERY TRUST FUND
(NON-EXPENDABLE)

BALANCE SHEET

JUNE 30, 2005

	<u>ASSETS</u>	
Cash		\$ 2,910
		<u>2,910</u>
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>		\$ 0
<u>FUND BALANCE</u>		
Reserved for Perpetual Care		<u>2,910</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 2,910</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

CEMETERY TRUST FUND
(NON-EXPENDABLE)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
JUNE 30, 2005

REVENUES

Interest and Rents

Interest on Investments \$ 207

EXPENDITURES

0

Excess of Revenues Over (Under) Expenditures \$ 207

FUND BALANCE - Beginning of Year

2,703

FUND BALANCE - End of Year

\$ 2,910

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2005

	BALANCE			BALANCE		
	6/30/2004	ADDITIONS	DEDUCTIONS	6/30/2005		
<u>ASSETS</u>						
Cash in Bank	\$ 1,262	\$ 1,064,635	\$ (1,064,620)	\$ 1,277		
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 159,493	\$ (159,493)	\$ 0		
Intergovernmental Payable	1,262	905,142	(905,127)	1,277		
TOTAL LIABILITIES	\$ 1,262	\$ 1,064,635	\$ (1,064,620)	\$ 1,277		

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF WHEATLAND TOWNSHIP

BALANCE SHEET

JUNE 30, 2005

	<u>ASSETS</u>	
Cash		<u>\$ 37,767</u>
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>		\$ 0
<u>FUND BALANCE</u>		
Unreserved		<u>37,767</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 37,767</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUND
A COMPONENT UNIT OF WHEATLAND TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2005

REVENUES

Captured Property Taxes	
Mecosta County	\$ 15,797
Mecosta County - Council on Aging	1,286
Mecosta County - Emergency Medical Services	1,316
Wheatland Township	
Operating	3,291
Library	2,106
Fire and Rescue	5,104
Charges for Services	
Dues	170
Interest and Rent	
Interest	<u>158</u>
 Total Revenues	 <u>\$ 29,228</u>

EXPENDITURES

Economic Development	
Supplies	
Holiday Promotion-Advertising	\$ 722
Other Services and Charges	
Contracted Services	
Director	4,250
Streetscape	450
Travel and Conferences	325
Intergovernmental Expenditure	<u>950</u>
 Total Expenditures	 <u>\$ 6,697</u>
 Net Change in Fund Balance	 <u>\$ 22,531</u>
 <u>FUND BALANCE</u> - Beginning of Year	 <u>15,236</u>
 <u>FUND BALANCE</u> - End of Year	 <u><u>\$ 37,767</u></u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

2004 REGULAR TAX ROLL

SCHEDULE OF TAXES LEVIED, COLLECTED, AND RETURNED DELINQUENT
FOR THE YEAR ENDED JUNE 30, 2005

<u>TAXES LEVIED</u>	<u>MILLS</u>	<u>TAXABLE VALUATION</u>	
Taxes			
Mecosta County - Operating	6.0000	\$ 33,493,566	\$ 200,694
Less DDA Captured Taxes			(14,619)
Mecosta County - Commission on Aging	0.4888		16,346
Less DDA Captured Taxes			(1,190)
Mecosta County - EMS	0.5000		16,721
Less DDA Captured Taxes			(1,218)
Mecosta County - Hospital	0.3929		13,137
Mecosta County - State Education Tax	6.0000		200,695
Chippewa Hills Public Schools - Non-Homestead	18.0000		229,893
Chippewa Hills Public Schools - Debt Retirement	2.5807		86,140
Montabella Community Schools - Debt Retirement	4.7500		328
Montabella Community Schools - Maintenance	1.5000		104
Mecosta-Osceola Intermediate School	3.8456		136,615
Montcalm Area Intermediate School District	3.6301		258
Wheatland Township - Operations	1.2423		41,808
Less DDA Captured Taxes			(3,046)
Wheatland Township - Fire Equipment	1.9484		64,848
Less DDA Captured Taxes			(4,723)
Wheatland Township - Library	0.7978		26,756
Less DDA Captured Taxes			(1,949)
Wheatland Township - Town Hall Debt Retirement	0.3359		10,699
Wheatland Township - Library Debt Retirement	0.4739		15,382
DDA Captured Taxes			
Mecosta County - Operating			
(DDA Captured Taxes)			14,619
Mecosta County - Commission on Aging			
(DDA Captured Taxes)			1,190
Mecosta County - EMS			
(DDA Captured Taxes)			1,218
Wheatland Township - Operations			
(DDA Captured Taxes)			3,046
Wheatland Township - Fire Equipment			
(DDA Captured Taxes)			4,723
Wheatland Township - Library			
(DDA Captured Taxes)			1,949
Delinquent Utility and Service Billings			
Sewer Billings and Penalty			4,211
			<u>\$ 1,064,635</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

2004 REGULAR TAX ROLL

SCHEDULE OF TAXES LEVIED, COLLECTED, AND RETURNED DELINQUENT
FOR THE YEAR ENDED JUNE 30, 2005

TAXES COLLECTED

Taxes

Mecosta County - Operating	\$ 169,464
DDA Captured Taxes	14,619
Mecosta County - Commission on Aging	13,803
DDA Captured Taxes	1,190
Mecosta County - EMS	14,119
DDA Captured Taxes	1,218
Mecosta County - Hospital Debt	12,050
Mecosta County - State Education Tax	188,695
Chippewa Hills Public Schools	292,748
Montabella Community Schools	432
Mecosta-Osceola Intermediate School	125,285
Montcalm Area Intermediate School District	258
Wheatland Township - Operations	35,302
DDA Captured Taxes	3,046
Wheatland Township - Fire Equipment	54,758
DDA Captured Taxes	4,723
Wheatland Township - Library	22,593
DDA Captured Taxes	1,949
Wheatland Township - Town Hall Debt Retirement	9,813
Wheatland Township - Library Debt Retirement	14,109

Delinquent Utility and Service Billings

Sewer Billings and Penalty	2,406	\$	982,580
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TAXES RETURNED DELINQUENT

Taxes

Mecosta County - Operating	16,611
Mecosta County - Commission on Aging	1,353
Mecosta County - EMS	1,384
Mecosta County - Hospital Debt	1,087
Mecosta County - State Education Tax	12,000
Chippewa Hills Public Schools	23,285
Mecosta-Osceola Intermediate School	11,330
Wheatland Township - Operations	3,460
Wheatland Township - Fire Equipment	5,367
Wheatland Township - Library	2,214
Wheatland Township - Town Hall Debt Retirement	886
Wheatland Township - Library Debt Retirement	1,273

Delinquent Utility and Service Billings

Sewer Billings and Penalty	1,805	\$	82,055
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

2004 INDUSTRIAL FACILITIES TAX ROLL

SCHEDULE OF TAXES LEVIED, COLLECTED, AND RETURNED DELINQUENT
FOR THE YEAR ENDED JUNE 30, 2005

<u>TAXES LEVIED</u>	<u>MILLS</u>	<u>TAXABLE VALUATION</u>
Taxes		
Mecosta County - Operating	3.0000	\$ 516,900 \$ 1,551
Less DDA Captured Taxes		(1,178)
Mecosta County - Commission on Aging	0.2444	126
Less DDA Captured Taxes		(96)
Mecosta County - EMS	0.2500	129
Less DDA Captured Taxes		(98)
Mecosta County - Hospital	1.9640	102
Mecosta County - State Education Tax	6.0000	3,101
Chippewa Hills Public Schools - Non-Homestead	9.0000	4,652
Chippewa Hills Public Schools - Debt Retirement	1.2903	667
Mecosta-Osceola Intermediate School	2.0456	1,058
Wheatland Township - Operations	0.6250	323
Less DDA Captured Taxes		(245)
Wheatland Township - Fire Equipment	0.9694	501
Less DDA Captured Taxes		(381)
Wheatland Township - Library	0.4000	207
Less DDA Captured Taxes		(157)
Wheatland Township - Town Hall Debt Retirement	0.1600	83
Wheatland Township - Library Debt Retirement	0.2300	119
DDA Captured Taxes		
Mecosta County - Operating		
(DDA Captured Taxes)		1,178
Mecosta County - Commission on Aging		
(DDA Captured Taxes)		96
Mecosta County - EMS		
(DDA Captured Taxes)		98
Wheatland Township - Operations		
(DDA Captured Taxes)		245
Wheatland Township - Fire Equipment		
(DDA Captured Taxes)		381
Wheatland Township - Library		
(DDA Captured Taxes)		157
Delinquent Utility and Service Billings		
Sewer Billings and Penalty		0
		<hr/> \$ 12,619

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

2004 INDUSTRIAL FACILITIES TAX ROLL

SCHEDULE OF TAXES LEVIED, COLLECTED, AND RETURNED DELINQUENT
FOR THE YEAR ENDED JUNE 30, 2005

TAXES COLLECTED

Taxes

Mecosta County - Operating	\$ 373
DDA Captured Taxes	1,178
Mecosta County - Commission on Aging	30
DDA Captured Taxes	96
Mecosta County - EMS	31
DDA Captured Taxes	98
Mecosta County - Hospital Debt	102
Mecosta County - State Education Tax	3,101
State of Michigan	4,652
Chippewa Hills Public Schools - Debt Retirement	667
Mecosta-Osceola Intermediate School	1,058
Wheatland Township - Operations	78
DDA Captured Taxes	245
Wheatland Township - Fire Equipment	120
DDA Captured Taxes	381
Wheatland Township - Library	50
DDA Captured Taxes	157
Wheatland Township - Town Hall Debt Retirement	83
Wheatland Township - Library Debt Retirement	119

Delinquent Utility and Service Billings

Sewer Billings and Penalty	0	\$	12,619
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TAXES RETURNED DELINQUENT

Taxes

Mecosta County - Operating	\$ 0
Mecosta County - Commission on Aging	0
Mecosta County - EMS	0
Mecosta County - Hospital Debt	0
Mecosta County - State Education Tax	0
Chippewa Hills Public Schools	0
Mecosta-Osceola Intermediate School	0
Wheatland Township - Operations	0
Wheatland Township - Fire Equipment	0
Wheatland Township - Library	0
Wheatland Township - Town Hall Debt Retirement	0
Wheatland Township - Library Debt Retirement	0

Delinquent Utility and Service Billings

Sewer Billings and Penalty	0	\$	0
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WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

1982 GENERAL OBLIGATION TOWNSHIP HALL BONDS PAYABLE
JUNE 30, 2005

<u>NAME OF ISSUE</u>	General Obligation Bonds Payable
<u>PURPOSE</u>	Construction of the Township Hall and Fire Station
<u>DATE OF ISSUE</u>	January 5, 1982
<u>AMOUNT OF ISSUE</u>	\$ 170,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 127,000
During Current Year	8,000
	<u>135,000</u>
<u>BALANCE OUTSTANDING - June 30, 2005</u>	<u>\$ 35,000</u>

<u>DUE DATES</u>	<u>RATES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2005		\$ 0	\$ 875	\$ 1,400
April 1, 2006	5.00 %	8,000	875	8,875
October 1, 2006		0	675	675
April 1, 2007	5.00 %	9,000	675	9,675
October 1, 2007			450	450
April 1, 2008	5.00 %	9,000	450	9,450
October 1, 2008		0	225	225
April 1, 2009	5.00 %	9,000	225	9,225
		<u>\$ 35,000</u>	<u>\$ 4,450</u>	<u>\$ 39,975</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

2001 GENERAL OBLIGATION BONDS PAYABLE
JUNE 30, 2005

<u>NAME OF ISSUE</u>	2001 Library Building and Site General Obligation Bonds		
<u>PURPOSE</u>	For the purpose of designing, erecting, furnishing equipping and financing a new Township Library including site development, appurtenances and attachments.		
<u>DATE OF ISSUE</u>	October 24, 2001		
<u>INTEREST PAYABLE</u>	April 1, and October 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	255,780
<u>AMOUNT REDEEMED</u>			
Prior to Current Year		\$	16,708
During Current Year			3,000
			<u>19,708</u>
<u>BALANCE OUTSTANDING - June 30, 2005</u>		\$	<u>236,072</u>

<u>DUE DATES</u>	<u>RATES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2005		\$ 0	\$ 5,607	\$ 5,607
April 1, 2006	4.75 %	3,000	5,607	8,607
October 1, 2006		0	5,535	5,535
April 1, 2007	4.75 %	4,000	5,534	9,534
October 1, 2007		0	5,440	5,440
April 1, 2008	4.75 %	4,000	5,441	9,441
October 1, 2008		0	5,344	5,344
April 1, 2009	4.75 %	5,000	5,345	10,345
October 1, 2009		0	5,227	5,227
April 1, 2010	4.75 %	5,000	5,227	10,227
October 1, 2010		0	5,108	5,108
April 1, 2011	4.75 %	6,000	5,108	11,108
October 1, 2011		0	4,966	4,966
April 1, 2012	4.75 %	6,000	4,966	10,966
October 1, 2012		0	4,823	4,823
April 1, 2013	4.75 %	7,000	4,823	11,823
October 1, 2013		0	4,557	4,557
April 1, 2014	4.75 %	7,000	4,557	11,557
October 1, 2014		0	4,490	4,490

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

2001 GENERAL OBLIGATION BONDS PAYABLE
JUNE 30, 2005

<u>DUE DATES</u>	<u>RATES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2015	4.75 %	8,000	4,491	12,491
October 1, 2015		0	4,300	4,300
April 1, 2016	4.75 %	8,000	4,301	12,301
October 1, 2016		0	4,110	4,110
April 1, 2017	4.75 %	9,000	4,111	13,111
October 1, 2017		0	3,896	3,896
April 1, 2018	4.75 %	9,000	3,897	12,897
October 1, 2018		0	3,682	3,682
April 1, 2019	4.75 %	10,000	3,683	13,683
October 1, 2019		0	3,445	3,445
April 1, 2020	4.75 %	10,000	3,446	13,446
October 1, 2020		0	3,207	3,207
April 1, 2021	4.75 %	11,000	3,208	14,208
October 1, 2021		0	2,946	2,946
April 1, 2022	4.75 %	11,000	2,947	13,947
October 1, 2022		0	2,685	2,685
April 1, 2023	4.75 %	12,000	2,686	14,686
October 1, 2023		0	2,400	2,400
April 1, 2024	4.75 %	12,000	2,401	14,401
October 1, 2024		0	2,115	2,115
April 1, 2025	4.75 %	13,000	2,116	15,116
October 1, 2025		0	1,806	1,806
April 1, 2026	4.75 %	13,000	1,807	14,807
October 1, 2026		0	1,497	1,497
April 1, 2027	4.75 %	14,000	1,498	15,498
October 1, 2027		0	1,165	1,165
April 1, 2028	4.75 %	14,000	1,166	15,166
October 1, 2028		0	832	832
April 1, 2029	4.75 %	15,000	833	15,833
October 1, 2029		0	476	476
April 1, 2030	4.75 %	15,000	477	15,477
October 1, 2030		0	120	120
April 1, 2031	4.75 %	5,072	121	5,193
		<u>\$ 236,072</u>	<u>\$ 179,576</u>	<u>\$ 415,648</u>

WHEATLAND TOWNSHIP, MECOSTA COUNTY
REMUS, MICHIGAN

2001 GENERAL OBLIGATION BONDS PAYABLE
JUNE 30, 2005

OPTIONAL REDEMPTION

The bonds or portions of bonds in multiples of \$1,000 and maturing on or after April 2, 2002, shall be subject to redemption prior to maturity, at the option of the Township, in whole or in part in increments of \$1,000 in inverse order of maturity by lot on any interest date on or after April 1, 2002, at par and accrued interest to the date fixed for redemption, without premium.

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 12, 2005

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Township Board
Wheatland Township
Mecosta County
Remus, Michigan

We have audited the financial statements of Wheatland Township, as of and for the year ended June 30, 2005, and have issued our report thereon dated October 12, 2005. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wheatland Township's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wheatland Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Wheatland Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Letter of Reportable Conditions.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable conditions described in the accompanying Letter of Reportable Conditions is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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October 12, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Wheatland Township
Mecosta County
Remus, Michigan

In planning and performing our audit of the basic financial statements of Wheatland Township for the year ended June 30, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Township Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the conditions described above is a material weakness.

This report is intended solely for the information and use of the Township Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 12, 2005

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Wheatland Township
Mecosta County
Remus, Michigan

During the course of our audit of the financial statements of Wheatland Township for the year ended June 30, 2005, we noted the following.

Accounting Procedures

The township books were found to be in good condition. There has been significant improvements since the last scheduled audit. We want to commend the treasurer, Mike Steinman for his efforts in the record keeping and office procedure improvements.

Early Payoff of Hall Debt

The bond issue for construction of the township hall is now carrying 5% interest. In that current interest rates are less than 4% the early payoff of the bonds would provide a net interest saving and also reduce the debt millage needed to pay the next three years of interest and principal. This would also simplify the tax roll and eliminate one fund. We recommend the Township consider paying the bonds off early.

Budgeting Procedures

The Township needs to improve its budgeting procedures to be in compliance with the Uniform Budgeting and Accounting Act. The Housing Rehabilitation Fund and the Road Fund did not adopt budgets for the year ended June 30, 2005. The General Fund, Library Fund, Fire and Rescue Fund and Sewer Fund adopted budgets, but spent more than expected on expenditures without appropriate amendments being made. Some of the overspending was due to year end audit adjustments.

Act 621 has been violated because of the non-budgeted funds, and due to the over expended funds. We recommend the 2005-2006 budget be reviewed and amended if needed. Also, for future periods, no amounts should be expended in excess of budgeted appropriations and original budgets when adopted should be made part of the official Township minutes. Any budget

amendments need to be completed before June 30 of the budget year and documented in the minutes.

HUD Rehabilitation Fund

- A. During our current audit engagement of June 30, 2005, our inquiries revealed more mortgage receivables than had been previously reported. The balance of \$111,199 of loans outstanding as was reported on the June 30, 2003 audit was found to be \$253,600. The \$142,401 difference was second mortgages on properties. The previously reported mortgages receivable had only included first mortgages. The difference occurred due to a miscommunication between the director, Township officers and the auditors. We recommend all receivables for loans made by the HUD program be recorded on the Township records, to provide a more accurate financial position, and insure a total accounting for future payoffs, and safeguarding of assets.
- B. We also inquired why the Township would accept a second position on the loans made and were informed the taxpayer requested the Township take the second position so a bank or other institution could assume first mortgage status, as the institution would not loan additional funds without being first to be paid upon default.

We recommend that, if the taxpayer is seeking additional funds, they borrow enough to payoff the HUD loan with the new proceeds, thus eliminating the Township's loan position. We further recommend the Township not accept a second position for future transactions, unless a first mortgage is already in place and sufficient equity is available to assure payment.

- C. The loans in question are 20-30 years old, are interest-free and carry pay back terms tied to the sale of the property. For these outstanding loans, we recommend confirmations and determinations as follows:
- 1) The amount of the loan be confirmed in writing with the property owner/original mortgagee.
 - 2) Determine that adequate insurance is in force to protect the Township's lien position in case of fire, wind storm, other natural disasters, or other loss contingencies.
 - 3) Determine that the ownership has not changed through inheritance, sale on land contract, bankruptcy or other transfer.
 - 4) The current tax notice per Township records should be the original mortgagee to help support that the property has not changed hands.
 - 5) Note that change in ownership may trigger the loan to be due and payable immediately. Steps to collect should be taken if circumstances so dictate.
- D. We also found that the records of the loan detail are not on file at the Township office. The transfer of the current loan receivable information, including any relevant support documents should be on file at the Township. This would include current loans being made as well as prior loans paid off. The background data of names, amount, loan date, etc. should be computerized. We recommend the transfer be made as soon as possible and normal

procedures to protect the confidentiality of the information be followed by Township officials.

- E. The Township received several housing grants in the late 1970's/early 1980's. Each grant called for specific rules to be followed for deciding who qualified for loans, particular time frame for paying out loans, as well as, what the proceeds of paid back loans could be used for. In that the various grants may have conflicting rules, which binds the Township's current handling of the funds on hand, we recommend Township officials try to determine how the \$173,343 current cash balance can be utilized. We have seen loan programs where the returned loan proceeds can be used for any purpose by the Township, and others where only a revolving loan program can be maintained. Also, the unused funds may be returned to the federal government.
- F. The Township and Ann Gilbert have an agreement to pay Ann \$50 per hour for administering the HUD loan program. Our inquiry of Ann as to how much the Township owed her at June 30, 2005, got a reply of "nothing owed." We were skeptical of this answer because no payments have been made to Ann in the last two years, even though loans have been collected and new loans have been made.

We recommend the Township review the situation to determine what obligation can be expected for Ann to continue to administer the HUD loan program.

- G. We understand the value to the Township of Ann Gilbert's administrating this program for the past many years. We appreciate her commitment to confidentiality and a constant review of the loan payoffs and future loans to be let. We also recognize the progress the Township central office has made in accounting and record keeping. In light of the above items, we believe the shift of the record keeping would enhance internal controls over the HUD rehabilitation assets and help spread the responsibility of accounting and safeguarding the Township's assets.

Remus Downtown Development Authority

The Remus Downtown Development Authority was set up in 1990 and is under Michigan Public Act 197 of 1975. This public act allows for a Downtown Development Authority within certain boundaries to capture property taxes on increases in state equalized valuations of certain tax levies. The boundaries of the Authority are from M-20, three-quarters of a mile east and three-quarters of a mile west. Also, from M-66, one mile north and one-quarter of a mile south from the M-20/M-66 intersection. The capturable taxes are on commercial buildings and property within these boundaries. No residential properties are included in the capturable base taxable values.

The Remus Downtown Development Authority has had activities in prior years of a limited nature. Prior to 1999, the financial transactions of the Downtown Development Authority were not included in any audited statements of the Township. For the year ended June 30, 2005, the activities of the DDA were shown as a discretely presented component unit of Wheatland Township.

We recommend that the Downtown Development Authority consider the following for future operating periods:

1. We believe the DDA could enhance its interest income by utilizing a certificate of deposit investment. We recommend the Board consider investing any available cash balance.
2. Related Party Transactions
The DDA purchased flowers and pots from Dar's Barn for \$450. This is a related party transaction because the DDA Director, Linda Howard, is the wife of Dar Howard, the owner/operator of Dar's Barn. We believe the Board, in the future, should attempt to avoid related party transactions.
3. Budget Approval
Budget was approved November 1, 2004. The budget should be approved before the fiscal year commences. We recommend future budgets be approved before the fiscal year begins each July 1st.
4. Director's Contract
We were provided a contract dated November 1, 2001, covering the agreement between the DDA Board and Director Howard. The contract calls for one year of services. We found in the board minutes where Director Howard resigned in March 2004 and then was hired back in November of 2004. We believe an up-to-date contract as an independent contractor should be written and executed to help support the payments made. Also, we recommend the payments be classified as contracted services and not salary. We believe there is a potential risk the arrangement could be viewed as an employee-employer, which would cause accrued payroll taxes to be due. Also, year-end reporting would require a 1099 for contracted services to be issued.
5. We caution the Board that the amount of the captured taxes can be adjusted retroactively based on Michigan tax tribunal changes which may be approved. There are several large requests for reductions which may have more than one year retroactive change. Thus, we recommend that the Authority accumulate approximately \$20,000 to \$25,000 of cash as a safety net for future operations. This safety net would be available to be used if taxable value changes were made which would significantly reduce the revenues of the DDA.
6. The DDA needs to notify the affected governmental units as to the amounts of property taxes it will be capturing for the 2005 tax roll. This will alert the units as to revenue loss that they should factor into their operating budgets. We are available to assist you with these calculations and communications if needed.

Government Accounting Standards Board (GASB) Statement 34

The Governmental Accounting Standards Board (GASB) has issued Statement 34 that provides for changes in reporting requirements for city financial statements. For Wheatland Township, these changes were implemented in the June 30, 2005 financial audit.

Some of the more significant changes required by GASB 34 are as follows:

- a) Management's discussion and analysis is a new section in the financial report. This includes the administration's narrative overview of the information contained in the financial statements.

- b) Several new types of financial statements are now included that reports financial information on a government-wide basis and incorporates capital assets, a provision for depreciation on those assets as well as long-term liabilities of the township.

We commend the township for their diligent efforts and assistance necessary to implement these rather radical changes as required by this new reporting pronouncement.

Investment Policy

Public Act 196 of 1997 became effective on December 30, 1997. It requires that local units of government adopt an investment policy within 180 days of the end of the fiscal year they were in on the day the act took effect. Therefore, the Township should have adopted an investment policy within 180 days of June 30, 1998 to comply with P.A. 196. The new law requires the policy to provide a statement of purpose, a delegation of authority to made investments, a list of authorized investment instruments, and to provide procedures for safekeeping of assets. We recommend that the Township review Public Act 196 and adopt a formal investment policy.

We'd like to take this opportunity to thank the Wheatland Township Board for awarding our firm the audit for the year ended June 30, 2005 and to express our appreciation of the efforts put in by the various employees and elected officials of the Township. We found the cooperation and willingness to provide us the data which we requested to be refreshing and positive.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.